HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2019

Highlights for the quarter ended 30 September 2019

- EBITDA[1] of USD 55.9 million
- Net profit of USD 3.2 million
- Dividend of USD 0.025 per share paid in the third quarter of 2019
- Höegh Galleon delivered from yard and commenced interim LNGC charter contract with Cheniere

Subsequent events

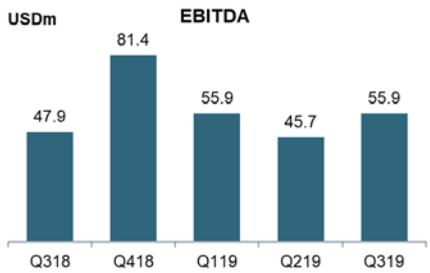
- Dividend of USD 0.025 per share declared for the fourth quarter of 2019
- AIE Australia announced process to modify its FSRU terminal development consent to allow for increased annual LNG import volumes
- HMLP issued new series A preferred units in October and November under its ATM programme equal to USD 8.6 million in net proceeds

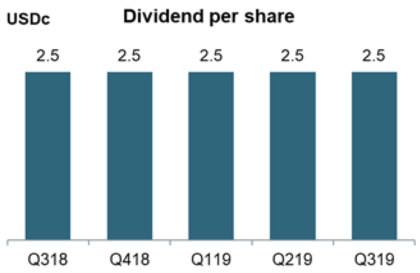
Höegh LNG's financial results for the third quarter of 2019 improved compared to the preceding quarter. Increased spot rates for LNG carriers lead to higher charter revenues for Höegh Giant, whereas in the second quarter, off-hire and one-off maintenance expenses for Höegh Gallant were incurred. The delivery of Höegh Galleon in August had a positive effect on EBITDA, while a slight negative impact on the net result. Höegh Esperanza operated in LNGC mode for the full quarter.

Höegh Galleon was delivered from the yard on 27 August 2019 and commenced an 18-month interim LNGC time charter with Cheniere Marketing International LLP ("Cheniere") in September before it will start its intended long-term charter with AIE in Australia. This delivery marks the end of Höegh LNG's current newbuilding programme and the group currently has no Capex commitments for newbuilds.

The global LNG markets continue to grow, as new LNG production capacity coming online is bringing additional supplies into the market. The significant volume growth has created a long LNG market putting pressure on LNG prices. That in turn benefits highly price-sensitive LNG importers such as India, which increased LNG imports by 18% year on year during the quarter. The share of natural gas in the world's energy mix is expected to increase. This is driven by the ongoing switch from more polluting fossil fuels such as oil and coal to natural gas and the important need for natural gas to provide resilience in the energy chain for renewable energy sources. Höegh LNG is selected or has exclusivity for three FSRU contracts, including two projects in Australia and a third in a south Asian market. In addition, the company is involved in several tender processes of which two are new compared to the previous quarter.

Reported EBITDA and declared dividend per share





[1] Please see the definition in Appendix 1.

Group financial review[2]

Höegh LNG Holdings Ltd. (Höegh LNG Holdings or the company) and its subsidiaries (together Höegh LNG or the group) reported a total income of USD 82.2 million for the third quarter of 2019, compared with USD 75.5 million in the preceding quarter. This increase mainly reflects the delivery of Höegh Galleon and a higher spot rate achieved for Höegh Giant in the third quarter, as well as the off-hire of Höegh Gallant in the second quarter.

Höegh LNG reported an EBITDA of USD 55.9 million for the third quarter, up from USD 45.7 million in the preceding quarter. This increase reflects the higher income because of the factors described above, and the reduction in Opex owing to one-off costs incurred in the second quarter. The reduction in Opex was partly offset by the delivery of Höegh Galleon. SG&A was also lower in the third quarter.

Höegh LNG recorded a net profit after tax of USD 3.2 million for the third quarter, up from a loss of USD 3.6 million in the preceding quarter. The increase is a result of higher EBITDA, partly offset by increased interest expenses following the delivery of Höegh Galleon.

Operating cash flows rose in the third quarter by USD 2.1 million to USD 49.9 million. The net increase was mainly driven by the above-mentioned quarter on quarter increase in EBITDA and was partly offset by variations in working capital between the two quarters. Other sources during the quarter comprised of sale and leaseback financing of USD 180.2 million for Höegh Galleon, USD 48.3 million drawn on Höegh LNG Partners' credit facility and USD 1.4 million in proceeds from equity issue in Höegh LNG Partners. Uses during the quarter mainly comprised USD 169 million in final instalment paid upon delivery of Höegh Galleon and USD 32.8 million in debt repayment and lease payments, dividends paid and interest expenses. The net increase in cash and cash equivalents during the third quarter was USD 37.8 million.

At 30 September 2019, Höegh LNG held USD 178.3 million in current cash (USD 140.4 million). Net interest-bearing debt including lease liabilities increased by USD 147 million to USD 1 608 million (USD 1 461 million). Total assets and book equity at 30 September 2019, after adjusting for the mark-to-market of interest rate swaps, were USD 2 639 million (USD 2 453 million), and USD 800 million (USD 809 million), respectively, equivalent to an adjusted book equity ratio of 30% (33%).

Key financial figures

(in USD'000 unless otherwise indicated)	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Income statement					
Total income	82 166	75 491	84 290	122 343	82 254
Operating profit before depreciation and amortisation (EBITDA)	55 875	45 676	55 883	81 405	47 889
Operating profit	29 178	19 248	29 740	64 371	25 338
Profit (loss) for the period	3 164	(3 626)	4 517	44 983	5 962
Balance sheet					
Total assets	2 621 006	2 436 795	2 492 448	2 304 777	2 138 504
Equity adjusted for hedging transactions	800 271	808 500	822 413	829 705	791 620
Adjusted equity ratio (%) 2)	30	33	33	36	38
Net interest-bearing debt including lease liabilities 1)	(1 608 022)	(1 461 195)	(1 463 396)	(1 250 786)	(1 082 471)
Cash flow					
Net cash flow from operating activities	49 923	47 781	50 202	52 209	44 548
Net cash flow from investing activities	(170 840)	(6 304)	(3 486)	(204 103)	48 232
Net cash flow from financing activities	158 729	(67 479)	(46 274)	117 407	(38 348)
Net increase/(decrease) in cash and cash equivalents	37 811	(26 002)	442	(34 487)	54 432

1) IFRS 16 was implemented from 1 January 2019 in accordance with the modified retrospective method with no restatement of comparable figures for prior periods, see note 7. Lease liabilities of USD 203.6 million was recorded as of 30 Sep 2019.

2) Equity ratio adjusted for hedging transactions is calculated in Appendix 1 - Alternative Performance Measures (APMs)

[2] The interim consolidated financial statements for Höegh LNG include HMLP on a consolidated basis and, unless otherwise stated, figures in this section are compared with figures for the second quarter of 2019.

Corporate/other activities

Höegh Galleon delivered and on contract

Höegh LNG took delivery of Höegh Galleon, its 10th FSRU, on 27 August 2019. This high-specification FSRU has been constructed at Samsung Heavy Industries in South Korea and has a storage capacity of 170 000 cbm of LNG and a regasification capacity of 750 million standard cubic feet per day. The delivery of Höegh Galleon marks the completion of Höegh LNG's newbuilding programme and confirms the company's position as the industry leader in the FSRU market.

Höegh Galleon commenced its 18-month interim LNGC time charter with Cheniere in September 2019. The terms of the time charter ensure that Höegh Galleon will be available to serve the AIE project in Port Kembla, Australia. Under the contract with Cheniere, Höegh Galleon will earn a fixed daily charter rate in line with market for similar specification DFDE LNGCs.

Refinancing initiatives

Höegh LNG has initiated a process for refinancing the debt maturing in 2020 and is making good progress on the refinancing of the Independence debt facility's commercial tranche while planning the refinancing of the HLNG02 bond loan.

Opening of China representative office

During the quarter, Höegh LNG officially opened its representative office in Shanghai, China to pursue additional FSRU projects in the fastest growing LNG market available. Initial marketing indicates firm demand for additional LNG import capacity from a number of companies active in the Chinese energy markets. Höegh LNG already has a strong footprint in this market with Höegh Esperanza operating as the only FSRU in China under its contract with CNOOC and the debt financing with China Construction Bank for Höegh Galleon.

Closing of South Korean office

The newbuilding programme was completed during the third quarter, and the company's office in South Korea was subsequently closed.

Avenir LNG update

On 1 October, Avenir LNG Limited ("Avenir") announced that the company had signed a time charter party (TCP) with Petronas for the first 7 500 cbm LNG carrier, in addition to planned cooperation with Petronas for the development of the small-scale LNG market in the region. The vessel is equipped to provide bunkering services for LNG-fuelled vessels across Malaysia in addition to transport services for small-scale terminals in the region. The TCP is for three years and will commence in the first quarter of 2020 when the vessel is scheduled for delivery from the yard.

Avenir LNG and Golar Power announced on 19 November 2019 a collaboration for development of the small-scale LNG market in Brazil, where Avenir's second 7 500 cbm LNG carrier will be used to deliver LNG to various ports across Brazil upon delivery. The vessel will also offer ship-to-ship bunkering.

Höegh LNG, Golar LNG Ltd and Stolt-Nielsen Ltd are the three main shareholders in Avenir. The initial equity investment from Höegh LNG was USD 24.75 million, currently representing a 22.5% equity holding. The remaining equity commitment amounts to USD 18 million and is expected to be invested during 2020.

Distribution from Höegh LNG Partners

Höegh LNG Partners declared a quarterly distribution of USD 0.44 per unit for the third quarter on 17 October 2019, corresponding to an annualised distribution of USD 1.76 per unit. On 15 November 2019, Höegh LNG Holdings accordingly received USD 6.7 million in distributions and USD 0.4 million in IDRs for the third quarter of 2019.

Quarterly dividend of USD 0.025 per share

Höegh LNG Holdings paid a cash dividend of USD 0.025 per share in the third quarter of 2019, equivalent to USD 1.9 million. The board of directors has furthermore declared a dividend of USD 0.025 per share for the fourth quarter of 2019. Höegh LNG shares will trade ex-dividend on 28 November 2019 and shareholders recorded in the VPS following the close of trading on Oslo Børs on 29 November 2019 will be entitled to the distribution. This will be payable on or around 12 December 2019.

Business review

Overall performance

The group's technical availability was 99.4% to September 2019. The lost-time injury frequency was 0.32 to September 2019.

Technical availability of fleet and safety performance

	2019	2018	2017	2016	2015
Technical availability	99.4 %	99.8 %	99.8 %	99.9 %	100.0 %
Lost time injury frequency [1]	0.32	0.00	0.38	0.00	0.73

[1] Calculated per million exposure hours for sea going personnel only

Business development activity

Höegh LNG is engaged in negotiations and business development activities with a primary objective of securing firm long-term contracts for all FSRUs currently on short-term LNGC contracts by the end of 2021.

In December 2018, Höegh LNG signed a conditional 10-year TCP with AGL Energy (AGL) for its LNG import facility at Crib Point in the state of Victoria, Australia. The import facility is currently seeking environmental approval. Höegh Esperanza is allocated to this project and is expected to generate an annual EBITDA of USD 31 million under the contract and the planned start-up is mid-2022.The signed TCP is subject to FID by AGL.

Höegh LNG has also won exclusivity for two further projects, both of which are pending FIDs. The first is Australian Industrial Energy's (AIE) Port Kembla Gas Terminal, where the FSRU charter party with Höegh LNG is at an advanced stage of completion. Höegh Galleon is planned to serve this project from 2021. On 25 October, AIE announced a modification to the existing development consent because their customers have required additional volumes of LNG during peak season. The request for additional volume reinforces the project's critical importance as a solution to the nation's near-term gas supply challenges.

The second FSRU project is a south Asian FSRU project which is currently progressing permits and gas sales agreements.

Höegh LNG is pursuing several FSRU projects at various stages of development, and the pipeline for potential projects is healthy. In addition to the three projects where the company has exclusivity or is selected as FSRU provider, Höegh LNG has during the third quarter added an additional two formal tender processes, on the Indian subcontinent and in Latin America respectively. Thus, Höegh LNG is currently participating in five formal processes for new projects, as one of the four projects mentioned in previous reports currently is postponed.

The company has in place a firm strategy to extend its services from its fleet of FSRUs beyond pure regasification services. In September 2019 Sociedad Portuaria El Cayao SA ESP (SPEC LNG), Calamari LNG SA. ESP (Calamari), Avenir, and Höegh LNG announced a Joint Development Agreement for offering additional LNG services from the FSRU Höegh Grace which include, among others, the gas up and cool down of conventional LNG carriers and loading of small LNG cargoes for onward distribution throughout Latin America and the Caribbean. The agreement confirms Höegh LNG's strategy of leveraging its FSRU platform to offer jointly with its customers and Avenir additional revenue generating services to the LNG market.

Market

The strong growth in global LNG trade seen in the first half of 2019 continued into the third quarter. LNG volumes traded in the third quarter reached 89.8 million tonnes, up by 15% from the same period of 2018. As in the first half of the year, Europe and China were the main drivers behind the volume growth, while Japanese and South Korean imports declined during the quarter. YTD, the global LNG trade has increased by 15% compared to the first nine months of 2018 to a total of 266.5 million tonnes.

Growth in Chinese LNG imports in the quarter slowed somewhat compared to the first six months of the year, but it was still 15% year on year. Since GDP growth moderated in the third quarter, the government has eased back on its regulations for coal-to-gas switching.

Europe has been the main buyer of the incremental LNG volumes coming to the market in 2019. YTD European LNG imports are up by some 31 million tonnes compared to a global market growth of 35.3 million tonnes. The European imports YTD 2019 corresponds to a growth rate of 97%.

US export volumes continue to grow and saw a year on year increase of 63% in the first nine months of 2019. Cameron LNG T1 and Corpus Christi LNG T2 began commercial operations during August. More export capacity is set to come on stream. Freeport LNG began exporting commissioning cargoes in September and the first train at Elba Island LNG started commercial operations in October. The remaining trains under construction at Freeport, Cameron and Elba Island are expected to come online from the fourth quarter 2019 and during next year. In August, the Calcasieu Pass LNG project reached FID. This is a greenfield project in Louisiana with an annual capacity of 10 million tonnes.

During the third quarter, Novatek and partners reached FID for the Arctic LNG-2 project in Russia, with three trains expected online in 2023, 2024 and 2026. This FID brings the total approved new capacity in 2019 to 63 million tonnes, which is significantly above the previous all-time FID record of 50 million tonnes from 2005. Nearly 50% of the approved capacity increase has been in the USA.

By the end of the third quarter, 35 FSRUs were on the water (excluding two smaller barges). Of these, 26 are committed on FSRU contracts and nine are available and/or trading as LNGCs. Among the 26 committed as FSRUs, six have contracts which expire at 31 December 2023 or earlier, and these would either be extended under the same contract or made available to the market. Eight conventional FSRUs are on order for delivery from the fourth quarter of 2019 to the fourth quarter of 2022, of which 5 are committed on long-term FSRU contracts.

While project development takes time, the market interest for FSRUs remains solid. There are FSRU projects under construction in countries across the world, such as Brazil, Croatia, India, Mozambique and Benin, with yet more projects developing elsewhere. The group expects the current scenario with low gas prices and increasingly flexible trade to continue, which would serve to underpin increased and geographically more widespread consumption of LNG.

A total of ten FSRU contracts were awarded globally in 2018 and three so far in 2019. Of these 13 contract awards, two projects are already in operation, including the project in Tianjin, China, which is served by Höegh Esperanza. Four projects are currently under construction with three FSRUs committed, while six projects are pending FID including the two Australian projects where Höegh LNG has either exclusivity or a signed TCP. As the projects pending FID firm up, the number of FSRUs committed on FSRU contracts will increase correspondingly.

The list of potential future FSRU projects currently counts 80-100 projects, with a varying likelihood of completion. Of these, several are likely to be mutually exclusive, bringing the total potential down by about half. Disregarding contract awards still pending FIDs, these are projects where no FSRU provider has been selected, representing a robust demand for FSRUs going forward.

Outlook

The demand for LNG is solid, with the market currently long supplies, benefitting the end consumers of the LNG. Since more liquefaction capacity is coming online in coming quarters and years to come, LNG prices are expected to stay low for the foreseeable future. This makes fuel switching from coal and oil to gas more financially viable, and LNG a preferred option for providing back-up resilience to renewable energy sources for power production. With a well-proven track record in building and operating FSRUs and associated facilities, as well as strong technological experience and capabilities, the group continues to compete for the most attractive floating regasification projects.

Operating results in the fourth quarter of 2019 are likely to be positively affected by having Höegh Galleon in operation for a full quarter following the delivery of this vessel in August. Since Höegh Giant is on an index-linked contract, the realised rate in the fourth quarter depends on the development of the spot market rates for LNGCs. Furthermore, Höegh Esperanza is expected to operate as an LNGC for about half of the fourth quarter before it resumes FSRU operations in China.

Interim consolidated statement of income

USD'000 (unaudited)	Note	Q3 2019	Q2 2019	Q3 2018	YTD 2019	YTD 2018
Time charter revenues	4	76 978	70 679	77 489	227 162	215 684
Management and other income	5	1 363	807	2 103	3 281	4 687
Share of results from investments in associates and joint ventures		3 824	4 005	2 662	11 504	9 948
Total income		**82 166**	**75 491**	**82 254**	**241 946**	**230 319**
Charter hire expenses			-	(8 906)	-	(26 426)
Bunker and other voyage related expenses		(300)	(220)	(17)	(336)	(2 876)
Operating expenses		(16 422)	(18 885)	(14 133)	(51 117)	(41 253)
Project administrative expenses		(3 859)	(3 942)	(4 526)	(12 478)	(13 317)
Group administrative expenses		(4 102)	(4 608)	(4 709)	(14 822)	(14 909)
Business development expenses		(1 607)	(2 160)	(2 074)	(5 760)	(5 279)
Operating profit before depreciation and amortisation (EBITDA)	4	**55 875**	**45 676**	**47 889**	**157 434**	**126 259**
Depreciation		(26 697)	(26 428)	(13 545)	(79 269)	(38 425)
Impairment/reversal of impairment		-	-	(9 006)	-	(9 006)
Operating profit		**29 178**	**19 248**	**25 338**	**78 165**	**78 828**
Interest income		851	1 098	726	3 125	1 755
Interest expenses		(23 434)	(21 051)	(15 814)	(67 688)	(44 560)
Income from other financial items		497	-	(60)	563	1 201
Expenses from other financial items		(1 655)	(1 738)	(1 260)	(4 955)	(3 739)
Net financial items		**(23 741)**	**(21 691)**	**(16 408)**	**(68 955)**	**(45 343)**
Ordinary profit (loss) before tax		**5 437**	**(2 443)**	**8 930**	**9 210**	**33 485**
Income taxes		(2 273)	(1 183)	(2 968)	(5 155)	(6 464)
Profit (loss) for the period		**3 164**	**(3 626)**	**5 962**	**4 055**	**27 021**
Profit (loss) for the period attributable to (from):						
Equity holders of the parent		(7 406)	(11 144)	(4 323)	(23 678)	(2 225)
Non-controlling interests		10 570	7 518	10 284	27 733	29 246
Total		**3 164**	**(3 626)**	**5 962**	**4 055**	**27 021**
Earnings per share attributable to equity holders of the parent:						
Basic and diluted earnings per share		(0.10)	(0.15)	(0.06)	(0.31)	(0.03)

Interim consolidated statement of comprehensive income

USD'000 (unaudited)	Q3 2019	Q2 2019	Q3 2018	YTD 2019	YTD 2018
Profit (loss) for the period	3 164	(3 626)	5 962	4 055	27 021
Items that will not be reclassified to profit or loss					
Net gain (loss) on other capital reserves	-	-	-	2	-
Items that may be subsequently reclassified to profit or loss					
Net gain (loss) on hedging reserves	(13 575)	(29 379)	4 487	(63 054)	25 954
Share of other comprehensive income from associates and joint ventures	(3 164)	(6 660)	4 696	(13 671)	18 736
Other comprehensive income (loss) for the period net of tax	(16 739)	**(36 039)**	**9 183**	**(76 723)**	**44 690**
Total comprehensive income (loss)	**(13 575)**	**(39 665)**	**15 145**	**(72 668)**	**71 711**
Total comprehensive income attributable to (from):					
Equity holders of the parent	(21 366)	(40 834)	2 689	(86 968)	32 210
Non-controlling interests	7 791	1 168	12 455	14 300	39 500
Total comprehensive income (loss)	**(13 575)**	**(39 665)**	**15 145**	**(72 668)**	**71 711**

Interim consolidated statement of financial position

	Note	30 Sep 2019 (unaudited)	30 Jun 2019 (unaudited)	31 Dec 2018 (audited)
ASSETS				
Non-current assets				
Deferred tax assets		374	399	369
Vessels and depot spares		2 119 811	1 878 501	1 907 560
Newbuildings under construction, long lead items		7 237	95 339	88 761
Right of use assets	7	200 469	207 547	-
Investments in associates and joint ventures		23 974	24 102	25 486
Other non-current financial assets		7 213	3 802	19 656
Other non-current assets		9 803	12 068	11 840
Shareholder loans		3 755	3 679	3 536
Restricted cash		17 540	17 687	17 925
Total non-current assets		**2 390 175**	**2 243 124**	**2 075 133**
Current assets				
Bunkers and inventories		568	523	2 726
Trade and other receivables		50 998	51 035	54 670
Other current financial assets		917	1 691	7 771
Investment in marketable securities		95	-	-
Restricted cash		8 048	8 027	6 523
Cash and cash equivalents		170 205	132 394	157 954
Total current assets		**230 831**	**193 671**	**229 644**
TOTAL ASSETS		**2 621 006**	**2 436 795**	**2 304 777**
EQUITY AND LIABILITIES				
Equity				
Share capital		773	773	773
Other paid-in capital		556 155	555 331	554 660
Capital reserves		(88 135)	(74 167)	(24 844)
Retained earnings		(75 069)	(50 955)	(30 258)
Equity attributable to equity holders of the parent		**393 724**	**430 983**	**500 330**
Non-controlling interests		286 244	273 866	286 667
Total equity		**679 968**	**704 850**	**786 999**
Non-current liabilities				
Deferred tax liability		11 855	11 214	10 030
Non-current interest-bearing debt	6	1 304 119	1 121 885	1 059 506
Non-current lease liability	7	168 366	174 709	-
Investments in joint ventures		9 739	10 523	9 080
Other non-current financial liabilities		58 248	39 273	10 108
Deferred revenue		2 362	1 113	2 033
Total non-current liabilities		**1 554 688**	**1 358 718**	**1 090 757**
Current liabilities				
Current interest-bearing debt	6	296 213	287 201	373 682
Current lease liability	7	35 212	35 508	-
Income tax payable		3 215	2 294	3 611
Trade and other payables		14 594	15 651	18 358
Other current financial liabilities		19 789	14 370	9 521
Other current liabilities		17 327	18 205	21 849
Total current liabilities		**386 351**	**373 227**	**427 021**
TOTAL EQUITY AND LIABILITIES		**2 621 006**	**2 436 795**	**2 304 777**

Interim consolidated statement of cash flows

USD'000 (unaudited)	Q3 2019	Q2 2019	Q3 2018	YTD 2019	YTD 2018
Cash flow from operating activities					
Profit (loss) before tax for the period	5 437	(2 443)	8 930	9 210	33 485
Adjustments to reconcile profit before tax to net cash flows					
Depreciation	26 697	26 428	13 545	79 268	38 425
Impairment (reversal of impairment)	-	-	9 006	-	9 006
Fair value adjustments on marketable securities	5	-	(708)	5	(1 393)
Interest income	(851)	(1 098)	(726)	(3 125)	(1 669)
Interest expenses	23 434	21 051	16 235	67 688	44 980
Net loss (income) on interest rate hedges	(18)	493	127	1 047	(448)
Share-based payment cost and Board remuneration not paid-out	373	479	532	1 166	1 521
Share of results from investments in associates and joint ventures	(3 824)	(4 005)	(2 662)	(11 504)	(9 948)
Working capital adjustments					
Change in inventories, receivables and payables	(746)	8 556	645	7 251	6 824
Payment of income tax	(584)	(1 680)	(374)	(3 100)	(2 400)
i) Net cash flow from operating activities	**49 923**	**47 781**	**44 548**	**147 906**	**118 381**
Cash flow from investing activities					
(Investments) proceeds from sale of marketable securities	(100)	-	50 415	(100)	75 415
Investments in FSRUs, newbuildings and dry- and afloat docking	(170 706)	(6 531)	(2 365)	(181 117)	(240 085)
Investment in intangibles, equipment and other	(488)	(433)	(390)	(1 199)	(1 675)
Interest received	454	660	571	1 786	1 366
Repayment of shareholder loans	-	-	-	-	(71)
ii) Net cash flow from investing activities	**(170 840)**	**(6 304)**	**48 232**	**(180 630)**	**(165 050)**
Financing activities					
Gross proceeds from equity issuance (HMLP)	1 428	2 382	15 198	3 810	38 109
Transaction costs on equity issuance (HMLP)	(25)	(36)	(268)	(61)	(680)
Dividend paid to non-controlling interest (HMLP)	(11 305)	(11 295)	(11 100)	(33 847)	(33 074)
Dividend paid to shareholders of the parent	(1 905)	(1 905)	(1 894)	(5 715)	(5 696)
Proceeds from borrowings	228 549	-	-	548 549	200 000
Payment of debt issuance costs	(1 820)	(910)	-	(8 526)	-
Repayment of borrowings	(23 541)	(24 039)	(21 478)	(369 379)	(61 310)
Lease payments	(9 257)	(9 158)	(17 556)	(27 440)	(50 142)
Interest paid	(19 709)	(19 023)	-	(54 844)	-
(Increase) decrease in restricted cash and cash collateral	3 687	(3 495)	(1 249)	(7 572)	(1 039)
iii) Net cash flow from financing activities	**158 728**	**(67 479)**	**(38 348)**	**44 975**	**86 168**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**37 811**	**(26 002)**	**54 432**	**12 251**	**39 499**
Current cash and cash equivalents at the beginning of the period	132 394	158 396	138 006	290 348	152 940
Current cash and cash equivalents at the end of the period	**170 205**	**132 394**	**192 439**	**302 599**	**192 439**

Interim consolidated statement of changes in equity for the period ended 30 September 2019

	Attributable to equity holders of Höegh LNG Holdings Ltd.									
USD'000 (unaudited)	Issued capital	Share premium	Treasury shares	Other paid-in capital	Hedging reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2019	**773**	**447 035**	**(12)**	**107 637**	**(22 050)**	**(2 794)**	**(30 258)**	**500 330**	**286 667**	**786 999**
Profit (loss) for the period							(23 678)	(23 678)	27 733	4 055
Other comprehensive income					(63 290)			(63 290)	(13 433)	(76 723)
Total comprehensive income					**(63 290)**	**-**	**(23 678)**	**(86 968)**	**14 300**	**(72 668)**
HMLP dividend to non-controlling interests									(33 847)	(33 847)
Net proceeds from issuance of common units				472				472	557	1 029
Net proceeds from issuance of Series A Preferred Units									2 719	2 719
Share-based settlement in shares		531	1	(532)						
Shares granted to the board of HLNG		90	(0)					90	-	90
Units granted to the board of HMLP								-	195	195
Dividend to shareholders of the parent							(5 715)	(5 715)	-	(5 715)
Share-based payment costs				936				936	234	1 170
Capital contribution to/from HMLP							34	34	(34)	-
Transfer of assets to HMLP (Note 5)							(15 454)	(15 454)	15 454	-
Total other transactions recognised directly in equity	**-**	**621**	**1**	**876**	**-**	**-**	**(21 135)**	**(19 637)**	**(14 722)**	**(34 359)**
At 30 September 2019	**773**	**447 656**	**(11)**	**108 510**	**(85 341)**	**(2 794)**	**(75 069)**	**393 723**	**286 244**	**679 968**

Interim consolidated statement of changes in equity for the period ended 30 September 2018

	Attributable to equity holders of Höegh LNG Holdings Ltd.									
USD'000 (unaudited)	Issued capital	Share premium	Treasury shares	Other paid-in capital	Hedging reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2018	**772**	**446 945**	**(12)**	**105 400**	**(32 345)**	**(2 794)**	**(38 486)**	**479 480**	**225 758**	**705 238**
Profit for the period							(2 225)	(2 225)	29 246	27 021
Other comprehensive income					34 435			34 435	10 254	44 690
Total comprehensive income	**-**	**-**	**-**	**-**	**34 435**	**-**	**(2 225)**	**32 210**	**39 500**	**71 711**
Capital contribution to/from HMLP							571	571	(571)	-
MLP dividend to non-controlling interests								-	(33 074)	(33 074)
Net proceeds from issuance of common units				876	90			966	3 597	4 563
Net proceeds from issuance of Series A Preferred Units									34 326	34 326
Units granted to the board of HMLP				34	6			40	160	200
Shares granted to the board of HLNG	1	90						90	-	90
Dividend to shareholders of the parent							(5 703)	(5 703)	-	(5 703)
Share-based payment costs				1 081				1 081	150	1 230
Other changes in equity							1 330	1 330	(1 330)	-
Total other transactions recognized directly in equity	**-**	**90**	**-**	**1 990**	**96**	**-**	**(4 373)**	**(1 625)**	**3 257**	**1 632**
At 30 September 2018	**773**	**447 035**	**(12)**	**107 390**	**2 186**	**(2 794)**	**(44 513)**	**510 065**	**268 516**	**778 582**

Notes to the interim consolidated financial statements

1. CORPORATE INFORMATION

The parent company, Höegh LNG Holdings Ltd. (Höegh LNG Holdings or the company) is an exempted company limited by shares domiciled in and incorporated under the laws of Bermuda. The principal activities of the company and its subsidiaries (collectively Höegh LNG or the group) are described in Note 4 – Segment information. The interim financial statements were approved by the board of directors of Höegh LNG Holdings on 21 November 2019.

The number of issued shares for the quarter ending 30 September 2019 was 77 260 580, of which 1 056 553 were held in treasury. The number of outstanding shares on 30 September 2019 was 76 204 027.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ending 30 September 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements at 31 December 2018. The consolidated financial statements are presented in USD and all values are rounded to the nearest USD 1 000 unless otherwise indicated. Because of rounding adjustments, amounts and percentages may not add up to the total.

With effect from 1 January 2019, the company implemented IFRS 16 – Leases. Reference is made to note 7 for further information about the standard, the policy choices made and the implementation effect.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of interim financial statements in accordance with the IFRS implies the use of estimates, based on judgements and assumptions which affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts might differ from such estimates.

Significant accounting judgements

At 30 September 2019, the company held 45.86% of the common and subordinated units issued in Höegh LNG Partners LP. HMLP is consolidated on the basis of management's assessment that Höegh LNG Holdings has de facto control of HMLP even though it has less than 50% of the voting rights. The management's assessment is based on a combination of several factors, with the current composition of the board of directors of HMLP as an important element in the overall conclusion. See Note 20, Investments in associates, joint ventures and subsidiaries, in the annual consolidated financial statements for 2018 for a more detailed description.

Significant estimates and assumptions

Benefits from uncertain tax positions are recognised when it is probable that a tax position will be sustained by an examination based on the technical merits of the position.

Contingent liabilities

Höegh LNG is an international group which, through its ongoing business operations, will be exposed to litigation and claims from public authorities and contracting parties as well as assessments from public authorities in each country it operates in.

Joint ventures: claims and provisions

Under the Neptune and the Cape Ann time charters, the joint ventures undertake to ensure that the vessels always meet specified performance standards during the term of the time charters. The performance standards include the vessels not exceeding a maximum average daily boil-off of LNG, subject to certain contractual exclusions, as specified in the time charter. Pursuant to the charters, the hire rate is subject to deduction by the charterer of, among other things, sums due in respect of the joint ventures' failure to satisfy the specified performance standards during the period. The charters for the Neptune and Cape Ann commenced in 2009 and 2010 respectively. On 8 September 2017, the charterer notified the joint ventures that it was formally making a claim for compensation in accordance with the provisions of the charters for a stated quantity of LNG exceeding the maximum average daily boil-off since the commencement of the charters. The initial claim asserted a gross amount of compensation of USD 58 million for the excess boil-off volume, which was reduced to USD 52 million when the charterer submitted its arbitration request. The charterer reserved its right to make a further claim with respect to subsequent performance periods. Depending on interpretations of the contractual provisions, including exclusions to the performance standards, and based on currently available information, it is estimated that Höegh LNG's 50% share of the excess boil-off claim could range from zero or negligible amounts to approximately USD 29 million based on the gross claim of USD 58 million. At 30 September 2017, the joint ventures determined that the liability associated with the boil-off claim was probable and could be reasonably estimated, resulting in a total provision of USD 23.7 million. Höegh LNG's 50% share of the accrual was approximately USD 11.9 million.

The arbitration tribunal's determination was received in March 2019. This did not cover all the questions of contractual interpretation on which disagreement exists between the parties. Except for one issue, the tribunal's conclusions on the contractual interpretations were unambiguous. For the remaining issue related to the calculation of a deduction from the gross claim, the tribunal did not specify how the deduction should be determined. As a result, significant uncertainty remains in the evaluation of the potential outcome of the boil-off claim. Based on the additional information from the tribunal's determination and updated estimates of the potential range of the liability, the joint ventures concluded the existing provision of USD 23.7 million continued to represent their best estimate of the probable liability at 31 December 2018 and Höegh LNG's 50% share of the provision remained at approximately USD 11.9 million.

On 14 June 2019, the charterer served an updated claim submission for approximately USD 54 million to the tribunal, incorporating claims for the second performance period and certain other claims. The owners do not agree with the charterer's claims or their interpretation of the deduction to the gross claim in accordance with the tribunal's determination. As a result, the owners are developing a response to the updated claim submission. In addition, the charterer and the owners continue discussions with the objective of reaching a negotiated solution. Depending on interpretations of the deduction to the gross claim and the other disputed contractual provisions and based on additional information available for the period ended 30 September 2019, the joint ventures estimate that their aggregate liability associated with the boil-off claim could range between USD 15 million to USD 35 million, of which the Höegh LNG's share would be 50%. As of 30 September 2019, there were no significant changes to the estimates of the potential range of the liability compared with 30 June 2019 and the provision continues to be the best estimate within the range. Accordingly, the accrual was unchanged as of 30 September 2019. Given the on-going discussions of the parties, the claim is expected to be settled through a negotiated solution between the parties. However, it is also possible that the claim could ultimately be settled through further arbitration.

The joint ventures will continue to monitor this issue and adjust the provision, as might be required, based on additional information and further developments. Höegh LNG and the other major owner guarantee the performance and payment obligations of the joint ventures under the time charters. The guarantees are joint and several for the performance obligations and several for the payment obligations. To the extent that an excess boil-off claim results in a settlement or arbitration award, Höegh LNG will indemnify HMLP for its share of the cash impact of any settlement.

In the third quarter of 2019, the Indonesian subsidiary in HMLP was notified of an examination for property taxes by the Indonesian tax authorities. HMLP's position is that its vessel is not subject to property tax. However, should the property tax be assessed for the period from 2015-2019, the property tax and penalties would be required to be paid pending an appeal process. The exposure for the five year period could be up to approximately USD 4 million in aggregate.

In 2002, two UK tax lease agreements were entered into for Arctic Princess and Arctic Lady respectively between two UK lessors and the Joint Gas Ltd and Joint Gas Two Ltd joint venture companies as lessees (the Arctic Leases). The vessels were delivered in 2006 and the lease agreements are for 25 years from delivery. Her Majesty's Revenue and Customs (HMRC) has been challenging the use of similar lease structures and has been engaged in litigation in one case, which was decided in the autumn of 2015 in favour of HMRC. In the event of a formal challenge by HMRC regarding the lessors' right to claim capital allowances under the Arctic Leases, this would lead to higher rental payments to the UK vessel lessors, which would have a negative effect on the earnings of the lessee companies and consequently on Höegh LNG. Leif Hoegh (U.K.) Limited, as managing owner and operator of the vessels, has been in dialogue with HMRC on this matter since 2005 and has presented the factual background to and the business rationale for entering into the lease agreements back in 2002. See Note 19, Commitments and guarantees (Arctic Vessels), in the annual consolidated financial statements for 2018 for a more detailed description.

4. **SEGMENT INFORMATION**

Höegh LNG's current segment structure was implemented at 1 January 2017. The group's activities are focused on four operating segments, namely HMLP, operations, business development and project execution, and corporate and other. The segment structure is in line with the way the group's operations are managed and monitored internally. Assets and liabilities allocated to the individual segments include vessels, newbuildings and interest-bearing debt. Other assets and liabilities are followed up at a consolidated level.

Segment reporting is based on the same principles as the group's internal management reporting. Any internal revenues or expenses are presented net.

HMLP

The segment includes the activities in Höegh LNG Partners LP, which is a limited partnership listed on the New York Stock Exchange. The partnership has been formed to own, operate and acquire FSRUs, LNGCs and other LNG infrastructure assets under long-term charters, defined as five years or more. Höegh LNG Partners' fleet comprises ownership interests in five FSRUs, namely (i) a 50% interest in Neptune, (ii) a 50% interest in Cape Ann, (iii) a 100% interest in PGN FSRU Lampung, (iv) a 100% interest in Höegh Gallant and (v) a 100% interest in Höegh Grace.

Operations

The segment is responsible for the commercial and technical management of the group's operational FSRUs and LNGCs which have not been transferred to Höegh LNG Partners LP. It includes the four FSRUs Independence, Höegh Giant, Höegh Esperanza, Höegh Gannet, Höegh Galleon as well as the LNGCs Arctic Princess and Arctic Lady. The segment comprises revenues and expenses related to FSRUs and LNGCs in operation and management income for commercial management services paid by joint ventures. FSRUs are included in the operations segment on delivery from the yard.

Business development and project execution

The segment comprises all activities related to business development and project execution, including non-capital expenditure related to newbuildings.

Expenses related to new FSRU and LNGC contracts are included until delivery to the charterer and the pre-commencement phase of the commercial contracts. Capitalised costs in the segment relate to the FSRU newbuilding programme.

Corporate and other

The segment includes corporate functions such as group management, group finance, legal and other administrative expense which are not allocated to the other operating segments.

OPERATING INCOME AND OPERATING EXPENSES PER SEGMENT

	HMLP		Operations		Business development and project execution		Corporate and other		Total	
(USD million)	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Time charter revenues	39.0	39.1	38.0	38.4	-	-	-	-	**77**	77.5
Management and other income	0.0	1.2	1.2	0.9	0.2	(0.0)	-	(0.0)	**1.4**	2.1
Share of results from investments in associates and joint ventures	2.7	1.3	0.8	1.3	-	-	-	-	**3.8**	2.7
Total income	**41.6**	**41.6**	**40**	**40.6**	**0.2**	**(0.0)**	**-**	**(0.0)**	**82.2**	**82.2**
Charter hire expenses		-		(8.9)		-	-	-		(8.9)
Bunker and other voyage related expenses	0.0	(0.0)	(0.3)	(0.0)		-	-	-	**(0.3)**	(0.0)
Operating expenses	(6.3)	(5.9)	(9.8)	(7.7)	(0.3)	(0.5)	-	-	**(16.4)**	(14.1)
Project administrative expenses	(0.7)	(1.1)	(2.2)	(2.4)	(0.9)	(1.0)	-	-	**(3.9)**	(4.5)
Group administrative expenses	(1.4)	(1.4)		-	-	-	(2.7)	(3.3)	**(4.1)**	(4.7)
Business development expenses	-	-		-	(1.6)	(2.1)		-	**(1.6)**	(2.1)
Operating profit (loss) before depreciation and amortisation (EBITDA)	**33.2**	**33.2**	**27.6**	**21.6**	**(2.7)**	**(3.6)**	**(2.7)**	**(3.3)**	**55.9**	**47.9**

	HMLP		Operations		Business development and project execution		Corporate and other		Total	
(USD million)	YTD 2019	YTD2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018
Time charter revenues	112.7	113.1	114.5	102.6	-	-	-	-	**227.2**	215.7
Management and other income	0.1	1.6	3.0	3.1	0.2-	0.0	0.0-	0.0	**3.3**	4.7
Share of results from investments in JVs	8.4	6.1	3.1	3.8	-	-		-	**11.5**	9.9
Total income	**121.2**	**120.8**	**120.5**	**109.5**	**0.2**	**0.0**	**0.0**	**0.0**	**241.9**	**230.3**
Charter hire expenses		-		(26.4)	-	-	-	-		(26.4)
Bunker and other voyage related expenses	(0.2)	(0.0)	(0.2)	(2.8)	-	-	-	-	**(0.3)**	(2.9)
Operating expenses	(21.1)	(17.2)	(29.4)	(22.9)	(0.7)	(1.2)	-	-	**(51.1)**	(41.2)
Project administrative expenses	(2.2)	(3.6)	(7.2)	(6.7)	(3.1)	(3.0)	-	-	**(12.4)**	(13.4)
Group administrative expenses	(4.6)	(4.6)		-	-	-	(10.2)	(10.4)	**(14.8)**	(14.9)
Business development expenses	-	-		-	(5.8)	(5.3)		-	**(5.8)**	(5.3)
EBITDA	**93.1**	**95.4**	**83.8**	**50.6**	**(9.2)**	**(9.5)**	**(10.2)**	**(10.4)**	**157.5**	**126.2**

ASSETS AND LIABILITIES ALLOCATED TO THE OPERATING SEGMENTS AT 30 SEPTEMBER

	HMLP		Operations		Business development and project execution		Corporate and other		Total	
(USD million)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Tangible assets										
Vessels, newbuildings and RoU assets	785.9	807.7	1534.4	850.3	7.2	171.8		-	2 327.5	1 829.8
Liabilities										
Interest-bearing debt incl. lease liabilities	467.6	444.1	1042.4	540.9		-	293.9	311.5	1 803.9	1 296.6

Revenues from contracts with customers

The group presents its revenue by segment, disaggregated by revenue recognised in accordance with the accounting standard on leasing (IFRS16) and on revenue from contracts with customers (IFRS15) for time charter services. In addition, material elements are presented separately where the nature, amount, timing and uncertainty of revenue and cash flows differ from the monthly invoicing under time charter contracts. The LNGCs' time charter contracts include provisions for the charterer to make upfront payments to compensate for variable dry-docking costs. Such payments are deferred and amortised over the shorter of the remaining charter period or the useful life of the additions. As a result, the timing of cash flows differs from monthly time charter invoicing.

DISAGGREGATION BY NATURE OF TIME CHARTER REVENUES BY SEGMENT FOR YTD 2019 AND Q3 2019

(USD million)	HMLP YTD 2019	Operations YTD 2019	Total YTD 2019	HMLP 3Q 2019	Operations 3Q 2019	Total 3Q 2019
Lease revenues	46.1	100.9	147.0	15.5	34.0	49.6
Time charter service revenues	66.5	12.2	78.7	23.4	3.5	27.0
Amortisation of deferred revenue for dry-docking	0.0	1.3	1.4	0.0	0.4	0.5
Total time charter revenues	**112.7**	**114.5**	**227.2**	**39.0**	**38.0**	**77.0**

The group's FSRUs and LNGCs operate on time charter contracts, where the charterer controls the choice of locations or routes to be served by the FSRUs/LNGCs, and the economic factors of a geographical region where the vessels are located would not affect revenues due under time charter contracts. Disaggregation of revenues by geographical region is therefore not meaningful.

The group's risk and exposure related to uncertainty of revenues or cash flows related to its long-term time charter contracts relate primarily to the credit risk associated with the individual charterers. Payments are due under time charter contracts regardless of the demand for the charterers' gas output or utilisation of the vessel.

5. RELATED-PARTY TRANSACTIONS

Höegh LNG provides various management services to the group's joint venture companies and receives management income from external joint venture partners related to technical, commercial and administrative services. Total management income from related parties in Höegh LNG amounted to USD 1.3 million in the third quarter of 2019 (USD 0.7 million in the second quarter of 2019). For a more detailed description of recurring related-party transactions, see information disclosed in Note 31 of the 2018 annual report.

On 1 October 2015, the company sold Höegh Gallant to HMLP in a dropdown transaction. The sales contract granted HMLP an option to lease the vessel back to Höegh LNG Ltd from the date of termination or expiry of the lease and maintenance agreement (LMA) and until 31 July 2025 (with no option to extend), at a rate equal to 90% of the daily LMA rate plus any incremental taxes or operating expenses as a result of such a charter. The option must be exercised before expiry of the charter with Egas. The company considers it likely that the option will be utilised and has made a provision for the net present value of the obligation (net of estimated future time charter hire) as a long-term liability in the statutory accounts of Höegh LNG Ltd. Transfer of assets does not generally affect the allocation of profit between non-controlling interests and the equity holders of the company in the consolidated accounts. The increase of USD 15.5 million in non-controlling interests has been reflected separately in the consolidated statement of changes in equity for the nine months ended 30 September 2019.

6. COMMITMENTS AND FINANCING

Following the delivery of Höegh Galleon in the third quarter of 2019, the group has no further capital commitments for newbuilds.

Höegh LNG has made an investment commitment to Avenir LNG for up to USD 45.5 million. Following the private placement conducted in November 2018, this amount has been reduced to USD 42.75 million, of which USD 18 million is outstanding and expected to fall due in 2020. In April 2019, the company issued a guarantee of USD 11.7 million in connection with a shipbuilding contract signed by Avenir. In addition, the main shareholders of Avenir have issued guarantees/counter-guarantees related to shipbuilding contracts signed by Avenir. These guarantees are for an original total amount of approximately USD 120 million (plus change orders and interests), for which the company would be liable on a joint and several basis. The three main shareholders have entered into counter-indemnity agreements for the said guarantee obligations, so that the company's net liability for a claim would be equal to its pro rata shareholding in Avenir at the time of any claim being raised. Lastly, the main shareholders of Avenir have issued non-binding letters of comfort related to the final payment instalments under shipbuilding contracts signed by Avenir.

Except for remaining capital commitments of about USD 2.0 million related to certain regasification equipment on order, there were no other material contractual purchase commitments as of 30 September 2019.

Total available liquidity at 30 September 2019 was USD 185 million, including USD 15 million available under the USD 63 million revolving credit facility in Höegh LNG Partners LP.

If certain conditions relating to long-term employment of Höegh Giant, Höegh Esperanza and Höegh Galleon have been met within a specified time, the available amount under the respective financing facilities may be increased by up to USD 29 million, USD 30 million and USD 25.7 million respectively.

INTEREST-BEARING DEBT INCLUDING LEASE LIABILITIES 30 SEPTEMBER 2019

USD'000	HLNG net of HMLP	HMLP	Total
Mortgage debt	854 116	477 289	1331 405
Unsecured bond debt	295 064	-	295 064
Debt issuance costs	(16 358)	(9 779)	(26 137)
Lease liabilities	203 460	118	203 578
Interest-bearing debt including lease liabilities	**1336 282**	**467 628**	**1 803 910**
Cash and cash equivalents	138 012	40 337	178 348
Long-term restricted cash	4 800	12 740	17 540
Net interest-bearing debt including lease liabilities, equity method	**1 193 470**	**414 552**	**1 608 022**
Proportionate share of joint venture debt	103 582	205 487	309 069
Proportionate share of joint venture debt issuance costs	-	(38)	(38)
Proportionate share of joint venture interest-bearing debt	**103 582**	**205 450**	**309 032**
Proportionate share of joint venture cash and marketable securities	15 621	12 277	27 898
Proportionate share of joint venture long-term restricted cash	-	17 941	17 941
Proportionate share of joint venture net interest-bearing debt	**87 961**	**175 232**	**263 193**

DEBT MATURITY PROFILE INCLUDING LEASE LIABILITIES 30 SEPTEMBER 2019

USD'000	Due in year 1	Due in year 2	Due in year 3	Due in year 4	Due in year 5 and later	Total
Independence facility	76 293	15 248	15 248	15 248	41851	163 889
PGN FSRU Lampung facility	19 062	30 845	14 886	14 886	42 108	121 787
Höegh Esperanza facility	12 500	12 500	12 500	62 500	81 250	181 250
Höegh Giant facility	12 707	12 707	136 597			162 010
Höegh Gannet facility	11 042	11 042	11 042	56 042	77 552	166 719
Bond debt	130 000		165 064			295 064
USD 385 million facility (Höegh Grace and Höegh Gallant)	25 597	25 597	25 597	25 597	253 112	355 501
Höegh Galleon	9 012	9 012	9 012	9 012	144 199	180 249
Interest-bearing debt outstanding	**296 213**	**116 951**	**389 946**	**183 286**	**640 073**	**1 626 469**
Debt issuance cost						(26 137)
Total interest-bearing debt excluding lease liabilities	**296 213**	**116 951**	**389 946**	**183 286**	**640 073**	**1 600 332**
Lease liabilities	35 212	33 683	31 846	30 329	72 509	203 578
Total interest-bearing debt including lease liabilities	**331 426**	**150 634**	**421 792**	**213 614**	**712 582**	**1 803 910**

7. IFRS 16 – LEASES

IFRS 16 Leases was implemented by Höegh LNG on 1 January 2019. The new accounting standard covers the recognition, measurement and presentation of leases and related disclosures in the financial statements and has replaced IAS 17 Leases. IFRS 16 requires that all leases, except for short term leases and leases of low value assets are reflected in the balance sheet of a lessee as a lease liability and a right of use (RoU) asset. Høegh LNG has implemented the standard according to the modified retrospective method with no restatement of comparable figures for 2018, which are still presented in accordance with IAS 17.

Reference is made to note 7 IFRS 16 – Leases in Höegh LNG's report for first quarter 2019 for a detailed description of policy choices, transition alternatives and conclusions to judgmental accounting matters made upon the implementation of the standard.

The implementation of IFRS 16 at 1 January 2019 has increased the consolidated balance sheet by adding lease liabilities of USD 223.1 million and RoU assets of USD 223.1 million.

The weighted average discount rate used to calculate the lease liability in the opening balance under IFRS 16 at 1 January 2019 was 5.1%.

The RoU assets recognised in the opening balance at 1 January 2019 related to USD 214 million for leases of vessels, USD 8.9 million for buildings and land and USD 0.3 million for other.

The table below presents a maturity profile based on undiscounted cash flows for Höegh LNG's lease liabilities per 1 January 2019:

USD '000	**2019**	**2020-2021**	**2022-2023**	**2024-2026**	**Total**
Lease payments	37 040	73 741	73 173	80 015	263 970

YTD 2019, Höegh LNG has recorded total lease payments of USD 27.3 million, of which USD 7.8 million was payment of interest and USD 19.5 million was repayment of lease liabilities. Operating lease expenses amounted to USD 0.5 million and depreciation of RoU assets amounted to USD 23.4 million. Total lease liabilities at 30 September 2019 were USD 203.6 million, presented in the balance sheet in non-current lease liabilities and in current lease liabilities at USD 168.4 million and USD 35.2 million respectively. RoU assets amounted to USD 200.5 million, of which USD 191.7 million, USD 8.5 million and USD 0.3 million related to vessels, buildings and land, and other respectively.

8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- Dividend of USD 0.025 per share declared for the fourth quarter of 2019.
- In October 2019, HMLP entered into a sales agreement with the Agent for a new at-the-market program and terminated the sales agreement under its prior ATM program. Under the terms of the new sales agreement, the Partnership may offer and sell up to USD 120 million aggregate offering amount of common units and Series A preferred units, from time to time, through the Agent, acting as an agent for HMLP. For the period from 1 October 2019 to 18 November 2019, HMLP sold an aggregate of 325 469 Series A preferred units under its prior and existing ATM programs at an average gross sales price of USD 27.02 per unit and received net proceeds, after sales commissions, of USD 8.6 million.

9. FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements. These statements are based on various assumptions, many of which are based in turn on further assumptions, including examination of historical operating trends made by the management of Höegh LNG. Although the group believes that these assumptions were reasonable when made, Höegh LNG cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions because such assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control.

Among the important factors which could cause actual results to differ materially from those in the forward-looking statements are: changes in LNG transport, regasification and floating liquefaction market trends; changes in supply and demand for LNG; changes in trading patterns; changes in applicable maintenance and regulatory standards; political events affecting production and consumption of LNG as well as Höegh LNG's ability to operate and control its vessels; changes in the financial stability of clients or the group's ability to win upcoming tenders and to secure employment for the FSRUs on order; changes in Höegh LNG's ability to complete and deliver projects awarded; increases in the group's cost base; changes in the availability of vessels for purchase; failure by yards to comply with delivery schedules; changes in vessels' useful lives; changes in the ability of Höegh LNG to obtain additional financing; the success in achieving commercial agreements for the projects being developed by the group; changes in applicable regulations and laws. Unpredictable or unknown factors herein could also have material adverse effects on forward-looking statements.

APPENDIX 1 – ALTERNATIVE PERFORMANCE MEASURES (APMS)

Höegh LNG's financial information is prepared in accordance with the International Financial Reporting Standards (IFRS). In addition, it is management's intent to provide additional performance measures when this is deemed relevant for the understanding of Höegh LNG's financial performance.

Alternative performance measures are used by Höegh LNG to provide supplemental information to the different users of its external financial reporting. Financial APMs are intended to enhance comparability of the results and to give supplemental information related to measures not within the applicable financial reporting framework, and it is Höegh LNG's experience that these measures are frequently used by equity and debt investors, analysts and other stakeholders. Management uses these measures internally to drive performance in terms of target setting and as the basis for measuring actual financial performance. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over the years and across the group.

Operational measures such as, but not limited to, volumes, technical availability of vessels/fleet and contract backlog are not defined as financial APMs. Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

Höegh LNG's APMs

- Earnings before interest, depreciation, amortisation and impairments (EBITDA): operating profit plus depreciation, amortisation and impairments. EBITDA is defined as the line item operating profit before depreciation and amortisation in the consolidated statement of income.
- Net interest-bearing debt: non-current and current interest-bearing debt less cash, marketable securities and restricted cash (current and non-current).
- Equity adjusted for hedging: total book equity adjusted for mark-to-market value of financial derivative swaps recorded against equity. Financial derivative swaps consist of interest-rate and cross-currency interest-rate swaps. In the money mark-to-market, financial derivative swaps will increase equity while, out of the money mark-to-market, financial derivative swaps will reduce equity. The mark-to-market value of interest-rate swaps in Höegh LNG's joint ventures is recorded as part of the line item Investment in joint ventures. The computation of equity adjusted for hedging is consistent with the definitions set out in the group's covenants in loan agreements.
- Equity ratio adjusted for hedging: total book equity (see above) adjusted for hedging reserves divided by total assets adjusted for hedge assets.
- Adjusted basic and diluted earnings per share shows the value of EPS as if an allocation of profit had been made for transfer of assets (to) from HMLP.

NET INTEREST-BEARING DEBT	30 Sep 2019	30 Jun 2019	31 Dec 2018
Interest-bearing debt, current and non-current	(1 803 910)	(1 619 303)	(1 433 188)
Restricted cash, non-current	17 540	17 687	17 925
Cash and cash equivalents	178 348	140 421	164 477
Net interest-bearing debt	**(1 608 022)**	**(1 461 195)**	**(1 250 786)**

EQUITY ADJUSTED FOR HEDGING TRANSACTIONS	30 Sep 2019	30 Jun 2019	31 Dec 2018
Equity	679 968	704 851	786 999
Hedge reserve including non-controlling interest share	120 303	103 651	42 706
Equity adjusted for hedging transactions	**800 271**	**808 502**	**829 705**

EQUITY RATIO ADJUSTED FOR HEDGING TRANSACTIONS	30 Sep 2019	30 Jun 2019	31 Dec 2018
Total assets	2 621 006	2 436 794	2 304 777
Hedge assets	18 239	16 069	12 422
Total assets adjusted for hedging transactions	**2 639 245**	**2 452 863**	**2 317 199**
Equity adjusted for hedging transactions	**800 271**	**808 502**	**829 705**
Equity ratio adjusted for hedging transactions	**30 %**	**33 %**	**36 %**

EPS ADJUSTED FOR CAPITAL CONTRIBUTIONS (TO) FROM HMLP

USD'000	30 Sep 2019	30 Jun 2019	31 Dec 2018
Profit (loss) for the period attributable to (from):			
Equity holders of the parent	(7 406)	(11 144)	32 363
Diluted earnings per share	(0.10)	(0.14)	0.42
Transfer of assets/capital contribution (to) from HMLP			
Capital contribution (to) from HMLP	34	34	352
Transfer of assets (to) HMLP	(14 804)	(325)	(18 213)
Total contributions/transfers (to) from HMLP	(14 770)	(291)	(17 861)
Adjusted profit for the period attributable to (from) equity holders of the parent	(22 176)	(11 435)	14 502
ADJUSTED DILUTED EARNINGS PER SHARE (USD'1)	**(0.28)**	**(0.15)**	**0.19**

Appendix 2 – Abbreviations

Abbreviation	**Definition**
ATM	At-the-market
DFDE	Dual Fuel Diesel Electric propulsion
Egas	Egyptian Natural Gas Holding Company
FSRU	Floating storage and regasification unit
Höegh LNG or the group	Höegh LNG Holdings Ltd. and subsidiaries
Höegh LNG Partners, HMLP or the partnership	Höegh LNG Partners LP
IDR	Incentive distribution rights
LNGC	LNG carrier
MLP	Master Limited Partnership
NB	Newbuilding
Höegh LNG Holdings or the company	Höegh LNG Holdings Ltd.
VPS	Norwegian Central Securities Depository